

Minutes
Air Pollution Control Board
Indiana Government Center South
Conference Room A
402 West Washington Street
Indianapolis, Indiana

June 7, 2006
1:02 p.m.

1. Dr. James Miner, Chairman, called the meeting to order. **CALL TO ORDER**
He noted that a quorum was present. **QUORUM**
2. Chairman Miner introduced the board members. **INTRODUCTION OF**
MEMBERS

Present:

- Dr. James Miner, Chairman
- Mr. Thomas Anderson
- Mr. Kurt Anderson
- Mr. John Bacone, Proxy, Dept. of Natural Resources
- Mr. David Benshoof
- Mr. Howard Cundiff, Proxy, State Board of Health
- Ms. Pamela Fisher, Proxy, Indiana Economic Development Corp.
- Mr. Chad Frahm, Proxy, Lt. Governor
- Mr. Marlow Harmon
- Mr. Chris Horn
- Mr. Randy Staley
- Dr. Phil Stevens

Also present were Mr. Thomas Easterly, Commissioner; Mr. Paul Dubenetzky, Assistant Commissioner; and Ms. Kathy Watson, Air Programs Branch Chief. Others present are recorded on a separate sheet and made a part of this record. A court reporter was present and a transcript is available for review.

3. Mr. Dubenetzky reported that IDEM had received nearly **REPORTS**
a quarter-of-a-million dollar grant for an air toxics study
in Southwest Indianapolis.

Ms. Watson reported on the vehicle inspection and maintenance programs in Clark and Floyd Counties and Lake and Porter Counties.

Ms. Watson gave a report on the ozone season. IDEM has made a change in terms of air quality forecasting by calling action days "air quality action days" as opposed to the former "ozone action days."

Ms. Watson reported on IDEM's redesignation petitions. IDEM is currently working on five redesignation petitions. Three have gone through public notice: LaPorte, Allen County and St. Joseph/Elkhart Counties. Ms. Watson reported that the Lake and Porter Counties public hearing was scheduled for June 14, 2006. The Clark and Floyd Counties public hearing was scheduled for June 29, 2006.

Ms. Watson gave a report on current and pending rulemakings.

4. Chairman Miner introduced Exhibit 1, the draft rule, into the recording of the hearing.

Ms. Watson said that this rulemaking was previewed at the May air board meeting and that a lot of progress had been made by the workgroup since 2005.

Ms. Susan Bem, Rulewriter, stated that this rulemaking would amend the NOx SIP Call Rules at 326 IAC 10-3 and 10-4 and add new rules 326 IAC 24-1, an annual NOx trading; 326 IAC 24-2, a sulfur dioxide trading program; and 326 IAC 24-3, a NOx ozone season trading program, to implement the federal Clean Air Interstate Rule (CAIR) program.

**PUBLIC HEARING FOR
PRELIMINARY
ADOPTION OF NEW
RULES 326 IAC 24-1, 326
IAC 24-2, and 326 IAC 24-
3 and AMENDMENTS to
326 IAC 10-3 and 326 IAC
10-4.
Clean Air Interstate Rule.**

Ms. Bem stated that CAIR is a federal rule to reduce interstate pollution from power plants and assist with the attainment of ozone and fine particle standards. All three trading rules apply to stationary fossil-fuel-fired boilers or combustion turbines greater than 25 megawatts producing electricity for sale. These units are also called electric generating units or EGUs. CAIR applies to 28 states including Indiana. It establishes three cap-and-trade programs: a new annual NOx trading program rule, an ozone season NOx trading rule that builds upon the existing NOx SIP Call Rule, and an annual SO₂ trading rule that builds on the existing acid rain program.

Ms. Bem stated that IDEM is proposing to add these three trading rules to the state rules in new Article 24. Indiana's draft rule incorporates much of the federal CAIR model rules, with a few exceptions. IDEM is proposing a methodology that includes a six-year allocation, six years in advance for both the ozone season and the annual NOx trading programs using heat input data from the previous eight years of operation. Ms. Bem also stated that ozone season allowances for 2009 had already been allocated and traded under the NOx SIP Call Rule. Ms. Bem asked the board to preliminarily adopt the rule.

Mr. Stan Pinegar, Vice-President of the Indiana Energy Association (IEA), also speaking on behalf of the Indiana Utility Group, Dominion State Line Energy, Indiana-Kentucky Electric corporation, and Hoosier Energy REC, Inc., stated that collectively these companies represented over 97 percent of the electricity generation capacity in the state of Indiana. Mr. Pinegar submitted handouts for the board members. Mr. Pinegar stated that these companies had dramatically reduced their emissions of SO₂ and NOx over the past two decades and agreed that more needed to be done. Mr. Pinegar voiced support of the rule.

Ms. Ann McIver, Manager of Environmental Affairs for Citizens Thermal Energy (CTE), expressed support of the comments made by Mr. Stan Pinegar and expressed appreciation for the inclusion of the opt-in provisions in the CAIR annual rule.

Mr. Don Fulkerson, Environmental Affairs Director for the Indiana-Kentucky Electrical Corporation (IKEC), which operates the Clifty Creek Station located in Madison, Indiana, commended IDEM on the work group process and supported IDEM on retaining the cap and trade approach to reduce NO_x and SO₂ emissions in the annual and ozone season control period, NO_x allocation procedures, and IDEM's approach to earn early NO_x reduction credits in 2007 and 2008.

Mr. Paul Reynolds, Manager of Environmental Services for Hoosier Energy, submitted handouts to the board. Mr. Reynolds, expressed appreciation for IDEM's work group process and the importance of being able to participate in the cap-and-trade program as a flexibility measure.

Mr. David Long, Senior Engineer, with American Electric Power Service Corporation and American Electric Power System, expressed support of the IEA comments.

Mr. Dan Weiss, Director of State Environmental and Energy Public Affairs for Duke Energy, stated that the rulemaking would require very significant emission reductions which require the installation of many new and expensive pollution control devices. On behalf of Duke Energy, he expressed support of the Board's preliminary adoption of the rule.

Ms. Janet McCabe, Executive Director with Improving Kids' Environment (IKE), expressed support of the Board's preliminary adoption of the rule.

Mr. Brian Wright, Coal Policy Director for Hoosier Environmental Council, expressed support of the Board's preliminary adoption of the rule.

Mr. Horn moved to preliminarily adopt new rules 326 IAC 24-1, 326 IAC 24-2, and 326 IAC 24-3; and amendments to rules 326 IAC 10-3 and 326 IAC 10-4. Mr. Benshoof seconded. The motion carried unanimously.

5. Chairman Miner introduced Exhibit 2, the draft rule, into the recording of the hearing.

Ms. Susan Bem, Rulewriter, stated that this rulemaking would amend the sulfur dioxide emission limitations at 326 IAC 7-4-2 for Citizens Gas & Coke Utility (Citizens) located in Indianapolis, Indiana to provide Citizens with a combined limit for three coke oven batteries. This rule will be submitted to U.S. EPA for state implementation plan approval following promulgation.

**PUBLIC HEARING FOR
PRELIMINARY
ADOPTION OF
AMENDMENTS TO
RULE 326 IAC 7-4-2.
Citizens Gas and Coke SO₂
Emission Limitations.**

Ms. Janet McCabe, Executive Director with Improving Kids' Environment (IKE), expressed support of the Board's preliminary adoption of the rulemaking but asked the

Board to urge the department to review whether or not the proposed combined limit could be reduced to more accurately reflect actual operating conditions.

Mr. T. Anderson moved to preliminarily adopt the amendments to rule 326 IAC 7-4-2. Mr. Frahm seconded. The motion carried unanimously.

6. Chairman Miner introduced Exhibit 3-A, the proposed rule as preliminarily adopted with IDEM's suggested changes incorporated, and Exhibit 3-B, the proposed rule as preliminarily adopted, into the record of the hearing.

Ms. Watson stated that this rule would incorporate by reference the federal national emission standard for hazardous air pollutants, with a minor change regarding reconciliation of when a test protocol form has to be submitted to IDEM versus in the federal rule. Ms. Watson asked the board to final adopt the rule.

**PUBLIC HEARING FOR
FINAL ADOPTION OF
Rule 326 IAC 20-95 to
Incorporate by Reference
40 CFR 63, Subpart
DDDDD, National
Emission Standards for
Hazardous Air Pollutants:
Industrial, Commercial,
and Institutional Boilers
and Process Heaters with
Certain Exceptions.
Boiler MACT.**

Mr. T. Anderson moved to final adopt amendments to rule 326 IAC 20-95 as preliminarily adopted. Mr. Staley seconded. The motion passed unanimously.

Mr. Staley moved to final adopt rule 326 IAC 20-95 as amended. Dr. Stevens seconded. The motion passed 12-0.

7. Chairman Miner introduced Exhibit 4-A, the proposed rule as preliminarily adopted with IDEM's suggested changes incorporated, and Exhibit 4-B, the proposed rule as preliminarily adopted, into the record of the hearing.

Ms. Watson stated that this rule would incorporate by reference federal NESHAPs, and that no comments were received since its preliminary adoption or during the third comment period. Ms. Watson asked the board to final adopt the rules as amended.

**PUBLIC HEARING FOR
FINAL ADOPTION OF
RULES 326 IAC 20-80 and
326 IAC 20-81 to
Incorporate by Reference
40 CFR 63, Subpart
MMMM, National
Emission Standards for
Hazardous Air Pollutants:
Surface Coating of
Miscellaneous Metal Parts
and Products and 40 CFR
63, Subpart PPPP,
National Emission
Standards for Hazardous
Air Pollutants: Surface
Coating of Plastic Parts
and Products.
Group 6 NESHAPs.**

Mr. Bacone moved to final adopt amendments to rules 326 IAC 20-80 and 326 IAC 20-81 as preliminarily adopted. Mr. Cundiff seconded. The motion passed unanimously.

Mr. Cundiff moved to final adopt rules 326 IAC 20-80 and 326 IAC 20-81 as amended. Mr. Harmon seconded. The motion passed 12-0.

8. Chairman Miner introduced Exhibit 5, the draft rule, into the recording of the hearing.

Mr. Patrick Brady, Rulewriter, stated this rulemaking would amend 326 IAC 6.5-7-13 to reflect the current Title V permit holder as Holy Cross Services Corporation (St. Mary's Campus) not St. Mary's. Mr. Brady asked the board to preliminarily adopt the rule.

**PUBLIC HEARING FOR
PRELIMINARY
ADOPTION OF
AMENDMENTS TO
RULE 326 IAC 6.5-7-13.
Holy Cross Services
Corporation.**

Mr. Bacone moved to preliminarily adopt the amendments to rule 326 IAC 6.5-7-13. Mr. K. Anderson seconded. The motion carried unanimously.

9. The next meeting was tentatively scheduled for Wednesday, August 2, 2006, at 1:00 p.m, Indiana Government Center South, Indianapolis, Indiana in Conference Room A.

NEXT MEETING

10. Mr. Bacone moved to adjourn the meeting. Mr. Cundiff seconded. The vote was unanimous. Chairman Miner adjourned the meeting at 3:08 p.m.

ADJOURNMENT

James Miner, Chairman

These minutes were taken from the June 7, 2006, transcript, and were written on September 13, 2006, by Karol Chuma, Office of Air Quality.